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Prevent Child Abuse Louisiana
Baton Rouge, Louisiana
June 30, 2007

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December 20, 2007

Independent Auditor's Report

Board of Directors
Prevent Child Abuse Louisiana
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of

Prevent Child Abuse Louisiana
(A Non-Profit Organization)
Baton Rouge, Louisiana

as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Prevent Child Abuse Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prevent Child Abuse Louisiana, as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007, on our consideration of Prevent Child Abuse Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Prevent Child Abuse Louisiana
Statements of Financial Position
June 30, 2007 and 2006

Assets

	2007	2006
Current Assets		
Cash	$55,263	$1,210
Beneficial interest in investments held by others	66,574	59,101
Grants receivable	49,046	52,151
	170,883	112,462
Fixed Assets		
Furniture and fixtures	3,551	3,551
Equipment	70,001	72,758
	73,552	76,309
Less: accumulated depreciation	61,968	60,462
	11,584	15,847
Other Assets		
Deposits	1,270	1,270
Long-Term Unconditional Promise to Give	356,167	347,634
Total assets	539,904	477,213

Liabilities and Net Assets

	2007	2006
Current Liabilities		
Managed overdraft		10,939
Line of credit	74,632	62,582
Accounts payable	88,476	110,195
	163,108	183,716
Deferred Liabilities		
Deferred income	215,127	53,924
Net Assets		
Unrestricted net assets (deficit) including designations of $46,443 in 2007 and $41,692 in 2006	(215,879)	(125,470)
Temporarily restricted	357,417	347,634
Permanently restricted	20,131	17,409
	161,669	239,573
Total liabilities and net assets	539,904	477,213

The accompanying notes are an integral part of these financial statements.

Prevent Child Abuse Louisiana
Statements of Activities
Years Ended June 30, 2007 and 2006

	June 30, 2007				June 30, 2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Changes in Net Assets								
Public Support and Revenue								
Grants - Governments	$222,387			$222,387	$233,971			$233,971
Grants - Foundations	526,645			526,645	159,989			159,989
Organizations	50,477			50,477	49,535			49,535
Corporate donations	16,400			16,400	20,742			20,742
Foundation receipts	67,000			67,000	37,690			37,690
Individual donations	33,816			33,816	46,548			46,548
Special events	268,588			268,588	191,369			191,369
Training and publications	1,447			1,447	2,495			2,495
State conferences	65,641			65,641	40,290			40,290
Other	26,594	$9,783	$2,722	39,099	18,260	$44,057	$1,014	63,331
Total public support and revenue	1,278,995	9,783	2,722	1,291,500	800,889	44,057	1,014	845,960
Expenses								
Prevent Child Abuse Program Services	1,094,027			1,094,027	646,163			646,163
Administrative	58,808			58,808	134,735			134,735
Fund-raising	216,569			216,569	132,804			132,804
Total expenses	1,369,404			1,369,404	913,702			913,702
Increases (Decreases) in Net Assets	(90,409)	9,783	2,722	(77,904)	(112,813)	44,057	1,014	(67,742)
Net Assets (Deficit) at Beginning of Year	(125,470)	347,634	17,409	239,573	(12,657)	303,577	16,395	307,315
Net Assets (Deficit) at End of Year	(215,879)	357,417	20,131	161,669	(125,470)	347,634	17,409	239,573

The accompanying notes are an integral part of these financial statements.

Prevent Child Abuse Louisiana
Statements of Functional Expenses
Years Ended June 30, 2007 and 2006

	June 30, 2007					June 30, 2006				
	Program	Supporting Services				Program	Supporting Services			
	Prevent Child Abuse	Adminis-tration	Fund-raising	Total Supporting Services	Total Expenses	Prevent Child Abuse	Adminis-tration	Fund-raising	Total Supporting Services	Total Expenses
Payroll expenses	$359.636	$17.695	$119.561	$137,256	$496,892	$289.182	$99.401	$64.428	$163.829	$453.011
Employee benefits	6,358	6,936	3,493	10.429	16.787	14.290	4.712	3,054	7.766	22,056
Payroll taxes	26.160	10,187	12,196	22.383	48,543	24.131	7.957	5.158	13.115	37,246
Contract services	387.925		3,604	3,604	391.529	32.711		1.114	1.114	33.825
Program supplies	57,740	1.947	48.449	50,396	108,136	38.909		49.173	49.173	88.082
Printing	15,000		7,611	7,611	22,611	17.705		2.328	2.328	20,033
Welcome baby subcontract						17.995				17.995
Occupancy	76,179	2,155	15.909	18,064	94,243	69.047	3.575		3.575	72.622
Telephone	21,392	1.330	877	2,207	23,599	26.708	102	1.094	1,196	27.904
Travel	90.305	1.202	2.189	3,391	93,696	14.535		4.004	4.004	18.539
Postage and shipping	2.391	97	1,082	1.179	3,570	3.612		554	554	4,166
Equipment maintenance and rental	14,587	1,620		1,620	16,207	21,836	2,426		2,426	24,262
Training staff	4.350				4,350	12.772				12,772
Professional fees	225	2,650	204	2,854	3,079	20.970	7.742	895	8.637	29,607
Volunteer recognition		156	779	935	935	318		893	893	1,211
Insurance	16.719	3.202		3,202	19,921	19.469	3.242		3,242	22,711
Interest	2.102	7.328		7.328	9,430	1.357	3.231		3.231	4,588
Janitorial service						3.473				3,473
Public relations and advertising	2.687				2,687	1,718				1,718
Board retreat		473	473	946	946		189		189	189
Miscellaneous	653	33	131	164	817		296		296	296
Network Meetings	2,826	957	11	968	3.794	6.113		109	109	6,222
Depreciation	6.792	840		840	7.632	9.312	1.862		1.862	11.174
	1.094.027	58.808	216.569	275.377	1.369.404	646.163	134.735	132.804	267.539	913.702

The accompanying notes are an integral part of these financial statements.

Prevent Child Abuse Louisiana
Statements of Cash Flows
Years Ended June 30, 2007 and 2006

	2007	2006
Cash Flows From Operating Activities		
Increase (decrease) in net assets	($77,904)	($67,742)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	7,633	11,174
Change in value of split-interest agreements	(8,533)	(44,057)
(Increase) decrease in receivables	3,105	24,151
(Increase) decrease in deposits		219
Increase (decrease) in accounts payable	(21,719)	(9,626)
(Decrease) in accrued expenses		(13,426)
Increase (decrease) in deferred income	161,203	42,070
Net cash provided by (applied to) operating activities	63,785	(57,237)
Cash Flows From Investing Activities		
Acquisition of fixed assets	(3,370)	(9,201)
Change in beneficial interest in investments held by others	(7,473)	(4,814)
Net cash applied to investing activities	(10,843)	(14,015)
Cash Flows From Financing Activities		
Managed overdraft	(10,939)	10,939
Payment of line of credit		(6,220)
Advances from line of credit	12,050	
Net cash provided by financing activities	1,111	4,719
Net Increase (Decrease) in Cash and Cash Equivalents	54,053	(66,533)
Cash, Beginning of Year	1,210	67,743
Cash, End of Year	55,263	1,210

The accompanying notes are an integral part of these financial statements.

Prevent Child Abuse Louisiana
Notes to Financial Statements
June 30, 2007

Note 1-Summary of Accounting Policies

A. Nature and Purpose

Prevent Child Abuse Louisiana (PCAL) is a statewide, volunteer-based organization dedicated to the prevention of child abuse and neglect in all its forms. This mission is carried out through the development, implementation and support of child abuse prevention activities in Louisiana.

PCAL was established in 1986 when the Southeast Louisiana Chapter of Prevent Child Abuse America (formerly the National Committee to Prevent Child Abuse) merged with Parents Anonymous of Louisiana. Originally called the Louisiana Council on Child Abuse, the name was changed in 1998 to one that better identifies its mission. Today, PCAL is recognized as an affiliate of Prevent Child Abuse America.

PCAL is a private, non-profit organization led by a volunteer Board of Directors. Throughout the organization's history, PCAL has garnered funding from private grants, governmental grants, individual and corporate donations. Currently, PCAL has stabilized its funding base at approximately forty percent governmental grants and sixty percent private donations. Donations to PCAL are tax deductible.

PCAL's goals are to develop a statewide prevention network throughout Louisiana, educate the public about the prevalence of child abuse and the Organization's role in child abuse prevention and to provide community-based programs throughout Louisiana. The Organization is headquartered in Baton Rouge with six regional offices located in New Orleans, Lafayette, Lake Charles, Alexandria, Shreveport and Monroe.

B. Method of Accounting

The financial statements of Prevent Child Abuse Louisiana are prepared on the accrual basis recording revenue when earned and expenditures when incurred.

C. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid investments with maturities of three months or less for the purpose of statement of financial position presentation. At various times during the year cash and cash equivalents on deposit with one banking institution exceeded the $100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the financial institution on a regular basis, along with their balances in cash and cash equivalents to minimize this potential risk.

Note 1-Summary of Accounting Policies (Continued)

E. Income Taxes

No provision is made for income taxes as Prevent Child Abuse Louisiana is a tax exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. The organization is not classified as a private foundation.

F. Fixed Assets

Equipment is recorded at cost; or, if donated, at fair market value at date of donation. Depreciation is provided for, principally on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to five years.

G. Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets. Unrestricted net assets include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those assets whose use by the Organization has been limited by donors to (a) later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Organization's use of the asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

H. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expenses for 2007 and 2006 were $2,687 and $1,718, respectively.

I. Contributed Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied. The Organization receives more than 1,000 volunteer hours per year.

J. Accounts Receivable

The Organization considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Prevent Child Abuse Louisiana
Notes to Financial Statements
June 30, 2007

Note 1-*Summary of Accounting Policies* *(Continued)*

K. Concentration of Credit Risk

Credit receivables have significant concentrations of credit risk in the governmental sector in the Baton Rouge, Louisiana area. At June 30, 2007, the portion of these receivables related to this sector was 92%.

L. Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefitted.

M. Designations of Net Assets

Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. Designations may be reversed by the board of directors at any time. The Organization had $46,443 and $41,692 of designated funds as of June 30, 2007 and 2006, respectively.

N. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 2-Beneficial Interest in Investments Held by Others

In the statement of financial position, the aggregate transfers to a recipient association, for which Prevent Child Abuse Louisiana is specified as the beneficiary, amounted to $66,574 and $59,101 as of June 30, 2007 and 2006, respectively, are recorded as a beneficial interest in investments held by the Baton Rouge Area Foundation (BRAF). These funds are maintained into two separate accounts. BRAF has variance power over one of the funds totaling $20,131. No variance power was granted on the other account totaling $46,443.

Note 3-Promises to Give

Prevent Child Abuse Louisiana was named as a ten percent (10%) beneficiary of the James M. Bernhard, Jr. Charitable Remainder Annuity Trust. The Trust was established on December 29, 1993 and has a term of twenty (20) years. The Trust was initially funded with a donation of stock valued at five million dollars ($5,000,000). Chase Bank of Baton Rouge administers the Trust.

At the end of the twenty (20) year term, the Trust will terminate and the trustee will distribute to Prevent Child Abuse Louisiana cash in an amount equivalent to ten percent (10%) of the then principal plus income of the Trust. The Trust is inalienable and the Trust instrument is irrevocable.

The Trust agreement contains various restrictions, among which are restrictions regarding funding of the Trust, terms of the Trust, payment of annuity, proration of the annuity amount, distribution to charity, prohibited transactions, successor trustee, governing law, limited power of amendment, and investment of trust assets.

Note 3-Promises to Give (Continued)

Unconditional promise to give reported as "Temporarily Restricted" on the financial statements at June 30, 2007 and 2006, is as follows:

	2007	2006
Receivable in eight years		
Net present value at 4.9%	$356,167	$347,634

Change in value is due to the change in market value of the assets held in trust.

Note 4-Line of Credit

The Organization has an unsecured line of credit with an area bank with a total available credit limit of $75,000 and a variable interest rate of 8.25% at June 30, 2007. The amount borrowed at June 30, 2007 and 2006, was $74,632 and $62,582, respectively.

Note 5-Retirement Plan

Prevent Child Abuse Louisiana has a defined contribution 401(k) retirement plan for its employees. It is available to all salaried employees with at least one year of service.

Employees may contribute between 1% - 15% of eligible compensation, not to exceed $10,000 per year. Prevent Child Abuse Louisiana will make matching contributions equal to 25% of the employee's contribution to the plan, subject to 5% of yearly compensation.

Eligible employees may enter the plan on the first day of each month and increase or decrease the amount of their contributions on January 1st, April 1st, July 1st or October 1st.

Employees are 100% vested in their own pre-tax contributions, and vest in Prevent Child Abuse Louisiana's contributions on the following schedule:

Years of Service	Vested Percentage
Less than 2	0
2	20
3	30
4	40
5	60
6	80
7	100

Retirement plan expense for the years ended June 30, 2007 and 2006, was $6,485 and $6,627, respectively.

Note 6-In-kind Contributions/Expenses

The in-kind contribution and expense is related to office space in Monroe. The income is included in the organization income and the corresponding expense is included in occupancy expense. The total amount of in-kind contributions for June 30, 2007 and 2006 was $7,396 and $6,400, respectively.

Note 7-Permanently Restricted Assets

Permanently restricted assets of $20,131 and $17,409 as of June 30, 2007 and 2006, respectively, are restricted to investments in perpetuity. The income may be transferred quarterly to unrestricted net assets and used by the Organization. Reinvested income is considered corpus and therefore not retrievable as income.

Note 8-Commitments

Prevent Child Abuse Louisiana had entered into a noncancellable operating lease agreement for copier rental at $408 per month which expires in May, 2010. Other leases have been entered into for various locations around the State and run through 2008. Monthly amounts for these leases total $1,195 per month. Rent expense was $79,516 and $76,095 for the years 2007 and 2006, respectively.

The future minimum payments on these leases are as follows:

2008	$12,021
2009	5,796
2010	4,488
	22,305

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December 20, 2007

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Prevent Child Abuse Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of

Prevent Child Abuse Louisiana
(A Non-Profit Organization)
Baton Rouge, Louisiana

as of and for the year ended June 30, 2007, and have issued our report thereon dated December 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Prevent Child Abuse Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prevent Child Abuse Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Prevent Child Abuse Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described as 2007-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Prevent Child Abuse Louisiana's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as finding 2007-2.

Prevent Child Abuse Louisiana's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Prevent Child Abuse Louisiana's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Prevent Child Abuse Louisiana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Findings

2007-1 Rent Payments

Observation: Rent for the Lafayette and Monroe offices was not paid in accordance with their leases. The amount of rent paid was more that the amount specified in the lease.

Recommendation: We recommend that Prevent Child Abuse Louisiana pay its rent in accordance with the lease agreement.

Management's Response: A credit for overpaid rent for the Lafayette and Monroe offices was received subsequent to year end. Rent is being paid according to the lease agreement.

2007-2 Prohibited Payments

Observation: We noted reimbursements for alcohol which was prohibited in the grant document. We also noted that a consultant was reimbursed for dinner which exceeded the per diem amount specified in the grant agreement. No documentation was provided to determine who attended the dinner.

Recommendation: Prevent Child Abuse Louisiana should adhere to specifications in grant agreements.

Management's Response: In the future, all receipts will be closely monitored. All attending dinner will be indicated.

Prevent Child Abuse Louisiana
Schedule of Prior Year Findings
Year Ended June 30, 2007

Findings

2006-1 - Accounts Payable

Observation: The accounts payable subsidiary is not being reconciled to the general ledger on a monthly basis. We also noted that numerous journal entries were being posted accounts payable.

Recommendation: We recommend that the accounts payable subsidiary to be reconciled to the general ledger on a monthly basis. All invoices should be entered through the accounts payable system, and no journal entries should be made to accounts payable.

Management's Response: We are now reconciling the accounts payable subsidiary to the general ledger on a monthly basis. We are no longer making journal entries to accounts payable. Training needs have been taken care of for new software implemented during the fiscal year.

Resolution: This finding was resolved in the current year.

2006-2 - Audit Report

Observation: The audit report is to be submitted to the Legislative Auditors Office no more than six months after the end of the fiscal year.

Recommendation: Planning and preparation should be made to anticipate circumstances which would delay report beyond the required filing date.

Management's Response: Change over to new software and training needs delayed the process. Proper planning and scheduling will be implemented and monitored to insure the report is timely filed in the future.

Resolution: This finding was resolved in the current year.